United States
Department of Agriculture

Foreign Agricultural Service

June 1982

Foreign Agriculture

Developing the Caribbean Basin

Marketing News

"Something Smells Good in the State of Denmark"

"Juicy American steaks as big as you want," was the tempting slogan at a promotion for U.S. food and wine at the Sheraton-Copenhagen in February. Chefs obligingly cut and weighed "made to measure" U.S. rib-eye and strip loin steaks. The Danes were so taken with the exhibit that the promotion was extended for 4 weeks and the Sheraton created a new restaurant menu featuring U.S. meats as a regular item.

Torben Lenzberg, a **U.S. Meat Export Federation (MEF)** contractor in Denmark and coordinator of the promotion, is optimistic about future U.S. meat sales in his country. "Given reasonable U.S. meat prices, a stable dollar, and the ability to get our message to the consumer, we can increase (U.S.) beef sales in Denmark," he said. Lenzberg also convinced a major Danish food company to feature U.S. beef on its catering menus.

And further South . . .

MEF is also initiating a number of promotional activities for U.S. meat in the Middle East. Strong demand for U.S. meat continues to grow in Saudi Arabia, the United Arab Emirates, Egypt and Bahrain. According to the MEF, Saudia Arabia alone increased its U.S. beef imports 89 percent in 1981, buying nearly 4,200 metric tons. The Middle Eastern market does not have a good understanding of the differences between fresh and frozen meats, or quality factors such as grass-fed versus grain-fed meat. Nor is there widespread knowledge of Western preparation and recipes. To counter this, MEF is planning a series of educational and informational activities, as well as in-store and menu promotions.

Going Dutch—the American Way

In The Hague, restaurants, hotels and institutions will soon be cooking up a variety of **U.S. food products.** A food and wine writer is adapting American recipes to Dutch cooking and featuring U.S. high-quality beef, Alaskan king crab, fresh fruits and vegetables, confectionary products, and California wine. The project is expected to be complete this month. This is not the first such effort to promote U.S. foods in the Netherlands. In March, the Hilton Schiphol Hotel featured California wines and fresh fruits and vegetables at its luncheon and dinner buffets.

Cooking Up Wheat Sales in India

U.S. Wheat Associates (USW) recently sponsored its first Cookie and Cracker Course in Bombay, India. The course, given at a pilot cookie plant, was designed to encourage further purchases of U.S. wheat and upgrade the quality of wheat foods in India. Course participants visited Indian flour mills and cookie companies. USW biscuit consultant Hugh Bright of the American Institute of Baking, was the main speaker, providing information on flour, fats, sugars and chemicals. He also discussed the importance of government regulations, sanitation and maintenance. According to USW, the United States captured 65 percent of the Indian market for soft white and hard red winter wheat this year. USW hopes its marketing work will help maintain at least this level in any future Indian purchases.

Feed Grains Group To Help Yugoslavia Upgrade Its Beef Industry

Using successful techniques that upgraded the Japanese beef industry, the **U.S. Feed Grains Council (USFGC)** is turning its attention to Yugoslavia. USFGC consultant Bill Collins, who introduced modern sloped-roof feedlot facilities in Japan's Hokkaido region, recently returned from Yugoslavia where the same priniciples may revolutionize Yugoslav beef production and increase imports of U.S. feed grains.

Yugoslavia's beef production sector is facing economic trouble. The costs of buildings, feed preparation, storage and management so outstrip returns that the industry is threatened with eventual collapse. USFGC concluded that cost-saving technology must be introduced in all aspects of beef production. To demonstrate how other farmers benefit from modern, well-ventilated facilities, USFGC arranged for a five-member Yugoslav team to visit northern Italy, where USFGC has successfully helped Italian producers introduce such changes. As a result, the Yugoslav group plans to try a model feedlot design adapted from the Italian facilities and also intends to construct another model feedlot based on USFGC Collins' specifications.

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Developing the Caribbean Basin: Its Implications for U.S. Agriculture

Above: Girl from Guatemala. Courtesy of the World Bank.

Above right: St. Thomas in the Virgin Islands at dusk.

Right: Sugarcane harvest in Costa Rica. Courtesy of the World Bank.

By Mary E. Revelt

With its proximity to the United States and its rapidly growing food needs, the Caribbean Basin would seem to offer golden opportunities for exporters of U.S. agricultural products.

But after paying its huge oil import bills, the region (see accompanying table for countries comprising the region) has very little money left over for food imports. In fact, it has very little foreign exchange resources to begin with, especially since world prices have weakened sharply for many of the region's key exports. As a result, U.S. exports are nowhere near their potential level.

U.S. Trade Balance With Caribbean Usually in the Red

U.S. agricultural trade with Caribbean Basin countries totaled some $3.1 billion last year—with the United States coming out $700 million behind in the transactions. U.S. sales were $1.2 billion, with wheat, soybeans and products, corn and tallow the most important.

The major U.S. imports from the region were sugar, coffee, bananas, cocoa and beef. These products accounted for more than 80 percent of the Basin's agricultural exports to the United States and for about half of the Basin's total export earnings.

To put U.S. trade with the Caribbean Basin countries in the black, the region must become sounder financially. Right now, many countries are in serious economic straits. Severe inflation, high unemployment, declining gross domestic products, and enormous balance of payments deficits are straining not only the region's economy, but also its political and social stability.

Above: Caribbean Barbados

Agricultural Sector Plays Crucial Role

Agriculture will, of necessity, play a key role in the economic development of the region since about three-fifths of the area's population of 39 million is rural.

However, growth in regional agricultural production has been falling off—from 4 to 6 percent in the 1970s to 1.5 percent last year. At the same time, population is growing about 2 percent a year. Consequently, the region's food needs are outstripping its capacity to produce.

Export earnings from agriculture, which account for about half of the Basin's export income, also are in a slump. World prices have softened for the region's major agricultural exports—bananas, coffee, sugar, beef, cotton and cocoa.

The agricultural sector's contribution to the gross domestic product of the Caribbean nations has been declining steadily. Today it ranges from a high of more than 40 percent in Haiti to less than 2 percent in Trinidad/Tobago.

U.S. Joins Hemisphere Neighbors In Basin Development

Since the summer of 1981, the United States, Mexico, Canada and Venezuela have been cooperating in a multilateral action program to develop the economy of the Caribbean Basin. Colombia joined the effort in 1982.

Each of the countries is developing its own program of assistance. Mexico and Venezeula are helping Basin countries both financially and through their joint oil facility. Canada has substantially increased its foreign assistance to the area and Colombia has pledged more financial aid to the region.

Free Trade Area Cornerstone Of U.S. Development Program

The U.S. program—the cornerstone of which is a one-way free trade area giving Basin countries greater access to U.S. markets—was announced in late February and is now under scrutiny by Congress.

The Caribbean Basin Initiative (CBI)—as the U.S. program is called—hopes to encourage private U.S. investment in the

region. As an inducement, the program proposes allowing virtually all items comprised of at least 25 percent Basin-produced products to enter the United States duty free for the next 12 years. The only exceptions would be textiles and apparel. U.S. tariff exemptions under the General System of Preferences (GSP) now require a local content of 35 percent for basin-produced items.

Inclusion in the free trade area would not be automatic. To be eligible, a country may not have a communist government, it cannot appropriate property of U.S. citizens without compensation, and it cannot discriminate against U.S. exports. These are much the same criteria used by U.S. officials when determining eligibility for GSP trade benefits.

Officials also want to discuss specific self-help measures with each country prior to designating them for inclusion in the free trade area.

How the CBI Will Affect U.S. Laws and Trade Treaties

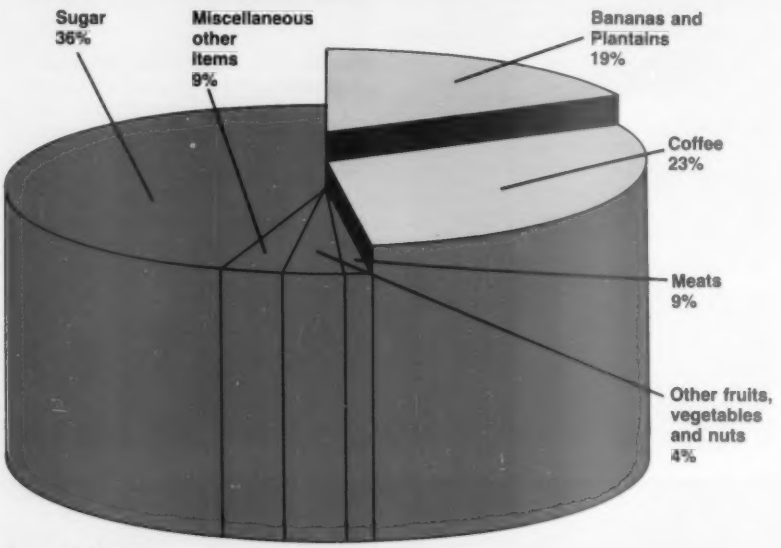
Establishing a free trade area in the Caribbean will require the United States to obtain a waiver of its most-favored-nation (MFN) obligations under the General Agreement on Tariffs and Trade (GATT).

However, the program will not affect domestic legislation already on the books—specifically, Section 22 of the Agricultural Adjustment Act of 1933, Section 8e of the Agricultural Marketing Agreements of 1937, and the Meat Import Act of 1979.

U.S. Agricultural Interests To Be Safeguarded

To protect U.S. farmers from harm by competitive imports from the Caribbean, the proposed program contains a number of safeguards that would modify duty-free access if the need arises.

Non-competitive Products Are Two-Fifths of U.S. Purchases From the Caribbean



Source: U.S. Census Data.

Potential Beneficiaries of the Caribbean Basin Initiative, 1980

Total Area: 494,684 square miles **Total GDP:** $45 billion
Total Population: 39 million

Country	Area (square miles)	Population (mill. persons)	Gross Domestic Product ($ millions)	Total Exports to U.S. ($ millions)	Total Agricultural Exports to U.S. ($ millions)
Bahamas	5,380	.24	1,267	1,302	1
Barbados	166	.25	815	85	38
Belize	8,866	.16	165	57	41
Cayman Islands	118	.15	—	3	—
Costa Rica	19,700	2.24	4,847	348	282
Dominican Republic	18,712	5.43	6,733	634	454
Eastern Caribbean[1]	812	.65	500	37	12
El Salvador	8,260	4.50	3,484	404	294
Guatemala	42,000	7.26	7,852	423	373
Guyana	83,000	.79	524	123	37
Haiti	10,714	5,01	1,453	240	34
Honduras	43,277	3.69	2,538	432	322
Jamaica	4,411	2.19	2,402	380	33
Netherlands Antilles	394	.27	—	2,436	—
Nicaragua	147,888	2.70	1,566	206	156
Panama	28,753	1.94	3,511	262	111
Surinam	70,060	.39	109	114	1
Trinidad and Tobago	1,980	1.14	6,708	2,326	5
Turks and Caicos Islands	192	.01	—	3	—

[1]Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, Saint Christopher-Nevis, Saint Lucia, Saint Vincent and the Grenadines.

For sugar, the proposed program would cap imports from the Basin's three largest suppliers—the Dominican Republic, Panama and Guatemala—at 1.15 million metric tons. Other suppliers in the region would continue to receive duty-free treatment under the GSP, subject to GSP limits. Or they could convert to an absolute quota if they wished.

While sugar from Basin countries may enter the United States duty free, Section 22 import fees on sugar will remain in place. These will still apply to all sugar imports and, because of the additional 1.15 million tons of duty-free sugar, they will probably have to be increased.

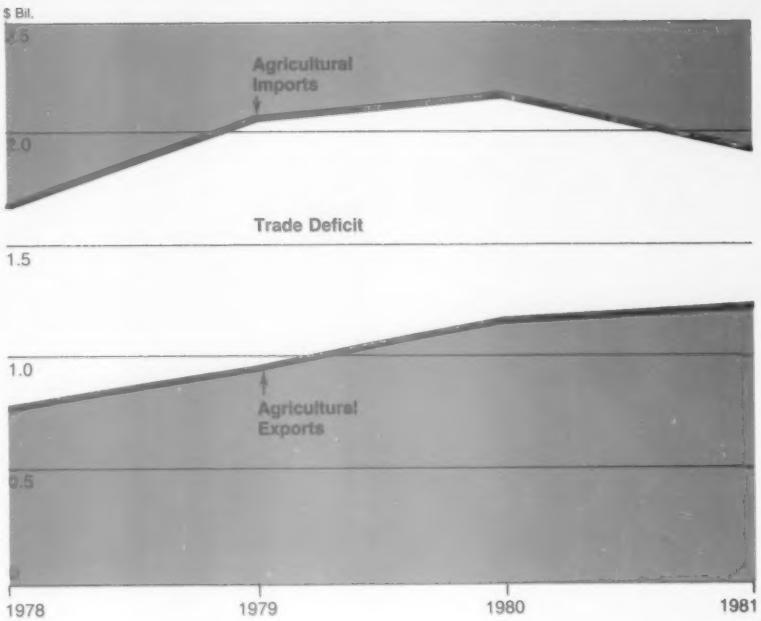
The program would also give the Secretary of Agriculture the authority to further limit entry of duty-free sugar, if necessary to protect the domestic sugar program mandated by Congress.

However, the Basin's sugar shipments to the United States are not expected to show any dramatic rise. There is nothing in the proposed program that would encourage greater sugar production in the Basin. In fact, other aspects of the program would be likely to encourage greater diversification in the region's agriculture, leading to some shift away from sugar. As a consequence, sugar shipments are expected to remain relatively constant.

The Section 201 safeguard system of the Trade Act of 1974 also will be available to any U.S. industry threatened with injury by increased imports from the Basin. Because of the short marketing season and shelf life of horticultural products, U.S. producers of these products will be able to use a special "fast track" appeal procedure.

Under this system, an industry which files a Section 201 petition on a perishable commodity may also petition the Secretary of Agriculture for emergency action. Using the Section 201 standards of injury, the secretary will analyze the petition within 14 days and determine whether to ask the president to reimpose the MFN duty on the product while the International Trade Commission completes its investigation.

U.S. Buys More Than It Sells to the Caribbean



A significant number of perishable horticultural products already enter the United States duty free under the GSP program. However, any products which are presently dutiable would enter duty free under the proposed program. Tariffs on dutiable products vary by the season, but generally average around 1.5 to 2.5 cents a pound.

Several sensitive non-GSP horticultural items—tomatoes, cucumbers, squash and eggplant—would be included in the new program. However, Caribbean Basin countries are not major suppliers of these products.

Basin Program Will Also Help U.S. Territories

The development program proposed by Administration officials aims at fostering economic development not only in the Caribbean Island nations of Jamaica, the Dominican Republic, and Barbados, but also in Central America, Panama, Guyana, Surinam, Puerto Rico and the U.S. Virgin Islands.

For example, the proposed program would rebate all excise taxes on imported rum back to Puerto Rico and the Virgin Islands. Inputs into Caribbean production from Puerto Rico and the Virgin Islands will be considered domestic under the program's rules of origin. Their industries also will have access to the same safeguard provisions available to mainland industries under the program. ■

The author is an agricultural economist with Western Europe and Inter-America Division, FAS.

World Food Prices: Getting Higher, But at a Slower Pace

By Gabrielle Moeller

Whether you pay your grocery bill in dollars, francs, marks or yen, it seems as if food prices are getting higher and higher. Or are they? That question must be answered with a qualified "Yes, but . . ."

For the most part, food prices are higher than they were back in 1976, mostly because farmers are paying more to produce food (particularly for fuel) and middleman costs are higher.

But if you're distressed by high food prices, take comfort. The rate of increase is slowing. And if you live in one of the major industrialized countries, a smaller portion of your paycheck is going toward food than it did in 1976.

To the relief of shoppers around the world, the rise in consumer prices slowed in the third quarter of 1981. In the United States, Japan and West Germany, lower seasonal food prices were most responsible for the slowdown.

Increased beef supplies, record harvests, and the appreciation of the dollar helped restrain food and raw material prices in the United States.

In France, although inflation reached an estimated 15 percent in the second half of the year, the 1981 increase in consumer prices did not deviate substantially from the European Community (EC) average of 9.2 percent.

Japanese consumers saw a moderate acceleration in the consumer price index in 1981, primarily because of corresponding moderate growth in their wages. But shoppers in Canada experienced higher consumer prices for a different reason—rising food and fuel costs.

Meanwhile, in Italy, voluntary constraints on prices for primary food products from mid-September to mid-January helped hold food price increases there to 15.6 percent. However, this was still two-thirds higher than the EC average.

Despite the rise in overall food prices, the rate of increase has declined in all countries except Greece. At the same time,

Food Prices Are Rising at a Slower Pace

Country	1976	1978	1980	1981
Belgium	100	107.5	109.6	116.2
Canada	100	—	—	171.8
Denmark	100	122.4	88.9	97.2
France	100	121.7	142.9	157.4[1]
Greece	100	130.2	200.6	246.7
Ireland	100	128.0	160.8	179.3
Italy	100	105.6	111.4	128.7
Japan	100	110.4	117.7	125.4
Korea	100	130.1	181.6	233.4
Luxembourg	100	108.6	134.0	—
Netherlands	100	76.2	80.9	84.5
Poland	100	116.0	—	—
Spain	100	147.3	173.6	194.4
Switzerland	100	105.3	117.3	126.7
United Kingdom	100	127.4	161.3	170.6
United States	100	114.0	136.2	146.8
West Germany	100	106.3	113.5	117.4

[1]Nine-month average.

food expenditures now amount to a smaller percentage of private consumption. The consumers who spend the least on food are in the United States.

The next time you write a check at the supermarket and bemoan the drawdown on your account, remember—food purchases still account for only 12.5 percent of U.S. consumer expenditures. And that is by far the lowest figure for all the countries surveyed.

If you were living in Greece, you would be spending 35.6 percent of your income on food, which means your food bill would be roughly three times higher! And it isn't any better in Italy, Japan, and Ireland, where consumers spend, respectively, 29.1, 24.8, and 24.8 percent of their incomes to put food on the table. In Japan, however, that figure includes alcoholic beverages and tobacco as well.

And typical food expenditures in the United States are also a considerably smaller percentage of income than in the other countries surveyed. Consumers in the United Kingdom, which ranked just behind the United States, spend 17.3 percent of their income on food. So U.S. consumers don't just spend less of their paychecks on food, they spend a *lot* less.

But U.S. consumers do have some things in common with shoppers in Denmark, France, the Netherlands and most of the other countries surveyed. For the most part, disposable income in all these countries is increasing at a faster pace than food prices.

The accompanying table on income compares the growth in food prices to the rise in disposable income for consumers in selected countries.

Looking at the table, any number greater than 1 represents growth in disposable income greater than the rise in food prices, a number less than 1 shows the opposite. In other words, if the number is more than 1, food is a smaller share of consumer expenditures than it was in 1976, while if it is less than 1, the share of income spent on food has grown.

Incomes Are Rising Faster Than Food Prices[1]

Country	1978:1976	1980:1978
Belgium	1.07	1.12
Denmark	1.00	1.64
France	1.05	1.09
Greece	1.07	.81
Ireland	1.10	1.00
Italy	1.35	1.42
Japan	1.09	1.10
Luxembourg	1.00	.88
Netherlands	1.52	1.05
Spain	1.06	1.16
Switzerland	1.00	.97
United Kingdom	1.02	1.05
United States	1.09	1.03
West Germany	1.08	1.09

[1]Ratio of growth in disposable income to growth in food prices.

As the table indicates, during 1976–78, disposable income grew faster or at the same rate as food prices in all the countries surveyed. During 1978–80, however, in Greece, Luxembourg and Switzerland, consumers were faced with faster growth in food prices than in their disposable incomes. For the most part, consumers in the countries surveyed are spending less of their income for food than they did in 1976.

Will this slowdown in food prices continue?

Fortunately, inflation is projected to slow down somewhat in 1982, due partly to weak commodity and energy markets and adequate world food supplies. Oil consumption and petroleum prices declined in 1981 and the latter are expected to remain unchanged in dollar terms in 1982 in line with announced OPEC policy.

As a result, consumers in West Germany, France, Belgium, Luxembourg, the Netherlands, and the United States can look forward to a slowdown in consumer price increases.

Other factors, however, are more uncertain. It is hard to pin down the exact effects of continuing high interest rates, sluggish demand for oil, and future wage behavior. However, real GNP (gross national product), spurred by strong private consumption, is expected to grow moderately in 1982 in all countries surveyed except the United States and Japan.

A larger increase in GNP is expected for Japan based on strong export performance and greater domestic demand. A 1.3 percent decline in GNP is likely in the United States. But once the 10-percent tax cut goes into effect in July, disposable income could rise by 5 percent and improve the outlook for the U.S. economy. ■

The author is an economist with the Trade and Economic Indicators Division, FAS.

GNP Is Expected To Grow Moderately
(Percent change from previous year)

Country	1980	1981	1982
Belgium	2.5	−1.3	1.0
Denmark	−0.2	−0.5	3.3
France	1.2	0.5	2.5
Greece	1.7	−0.3	1.5
Ireland	1.9	2.0	2.5
Italy	0	3.0	1.0
Japan	4.2	3.8	3.8
Luxembourg	0.6	−3.3	0.3
Netherlands	0.5	−2.0	0.5
Spain	1.5	1.5	2.5
Switzerland	4.4	1.3	0.3
United Kingdom	−1.8	−2.0	0.3
United States	−0.2	1.8	−1.3
West Germany	1.8	−1.0	1.3

U.S. Consumers Spend the Least for Food[1]

Country	1976	1978	1980
Belgium	20.6	19.2	18.6
Denmark	18.1	19.1	18.2
France	19.3	19.3	18.9
Greece	35.9	34.8	35.6
Ireland	25.3	25.0	24.8
Italy	30.3	30.0	29.1
Japan[2]	28.1	25.9	24.8
Luxembourg	20.0	—	—
Netherlands	18.3	16.9	16.3
Spain	31.1	—	—
Switzerland	20.2	20.3	19.9
United Kingdom	18.2	17.7	17.3
United States	13.7	13.1	12.5[3]
West Germany	25.0	24.3	23.7

[1]Food as a percentage of private consumption. [2]Includes beverages and tobacco. [3]Usually computed as the percentage of disposable income spent on food, which would make these figures somewhat higher: 1976—16.4 percent; 1978—16.1 percent; and 1980—16.1 percent.

Consumer Price Increases Have Slowed[1]

Country	1976	1978	1980	1981
Belgium	100	111.8	123.4	131.4
Canada	100	117.3	140.9	154.5
Denmark	100	122.0	149.6	163.4
France	100	119.2	148.4	163.6
Greece	100	126.1	189.2	223.8
Ireland	100	122.3	138.8	187.0
Italy	100	132.7	181.7	211.0
Japan	100	112.2	126.1	130.4
Korea	100	126.0	190.6	226.3
Luxembourg	100	109.9	121.9	130.0
Netherlands	100	110.9	122.6	129.2
Poland	100	113.6	—	—
Spain	100	149.0	197.6	220.0
Switzerland	100	102.3	110.1	115.8
United Kingdom	100	125.4	169.1	182.7
United States	100	115.8	145.3	156.0
West Germany	100	106.2	117.1	121.9

[1]Based on consumer price index.

Fact File

International Commodity Agreements

Currently, there are six international commodity agreements or arrangements covering sugar, coffee, dairy products, meats, cocoa, rubber, wheat and olive oil. Basically, they represent the efforts of a group of producers and consumers of a commodity to stabilize trade, supplies and prices for the overall benefit of the world economy. However, there are significant differences in how these agreements try to attain their goals. The devices used range all the way from quota systems with price provisions to simple minimum price and information exchange agreements. Some agreements actually contain no economic provisions at all.

Three Types of Agreements

Commodity agreements are of three basic types:

- The **export control agreement** allots quotas among exporting countries and tries to keep prices within an agreed range by adjusting the quotas to changing market demands. In addition, importing members are restricted in what they may buy from non-members. The sugar and coffee agreements are this type.

For a quota agreement to work, countries accounting for the bulk of trade should be members. Otherwise, the agreement may be undermined by non-participating exporters who try to benefit from the agreement without sharing any of the burdens. Both the coffee and sugar agreements contain provisions under which importing members agree to limit purchases from exporting countries that are not members.

- The **buffer stock** system aims at holding prices within a specified range by selling buffer stocks when prices reach a predetermined ceiling and by buying for stocks when prices decline to the floor.

The success of this type of agreement depends mainly on the resources and operating capacity of the buffer stock organization, which in some cases may make discretionary purchases or sales even though prices are within the price range.

Currently, there are no international "buffer stock" agreements in operation. The international sugar agreement does, however, include a special stocking feature that allows exporters to hold sugar off the market during times of low prices. This operates along with an export quota system.

- **Pricing agreements** may be of two types. Some are simply minimum price agreements for trade between members. Others are essentially multilateral contracts between exporters and importers to sell or buy, if required, defined quantities or percentages of a commodity at prices no higher or lower than those set in the agreement. Several wheat agreements in the past have been of this type, although the current wheat agreement has no economic provisions.

History of Agreements

The first major effort to develop international commodity agreements was made in the early 1930s when the production and consumption of raw materials were badly out of balance. Several agreements emerged, with varying degrees of success—mostly between producing countires. Coffee, rubber, sugar, tea and wheat received special attention.

Since then, the growing complexity of trade has spurred greater interest in these agreements. The United Nations Conference on Trade and Development (UNCTAD) is considering several new agreements, especially for commodities grown or produced in developing countries.

Negotiations are under way for agreements on hard fibers and jute. Work is also being done on an agreement for bananas. And there is pressure among developing countries for a price stabilizing agreement for cotton. Talks also are under way in UNCTAD on agreements for tea, tropical timber, meat, vegetable oils and oilseeds.

Commodity Agreements To Which the United States Belongs

The United States is a participant in all of the agreements currently in effect—except those for cocoa and olive oil. For these two, the United States is an observer. The agricultural agreements in which the United States participates are:

International Sugar Agreement (ISA)—Sugar is a highly regulated commodity and has been subject to international agreements of one kind or another since shortly after World War I. The first formal sugar agreement was signed in May 1931 by nine countries that accounted for roughly half of the world's production. Since then, there has been a series of five other international agreements.

The current agreement—for 5 years—started Jan. 1, 1978, and expires at the end of 1982. (In November 1981, however, there was agreement in principle to extend this agreement 2 more years.) The ISA headquarters is in London. There are 44 exporting (producer) members and 15 importing (consumer) members, including the United States and the Soviet Union. The European Community (EC) and China are not members. ISA participants account for most of the sugar moving in the free world market, except for those quantities traded by the EC.

The ISA's main objective is to stabilize prices at a level fair to both producers and consumers. To achieve this goal, a target price range is used. The range, originally 11 to 21 cents a pound, is currently 13 to 23 cents. The ISA operates primarily through a system of export quotas for producing countries at the lower end of the price range and through stock releases at the upper end of the range.

Currently, the ISA has dictated the use of export quotas because of low world prices. Quotas have been reduced by the maximum allowed under the agreement. In addition, the imposition of export quotas calls for the building of reserve stocks.

The International Wheat Agreement (IWA)—There have been 9 international wheat agreements to date, beginning in 1933 with a pact between 13 importing and 9 exporting nations, including the United States. The first agreement, based on export quotas, collapsed during the first year for lack of exporter cooperation.

The first agreement to be based on purchases and sales with maximum and minimum prices was negotiated in 1948, but it did not go into effect because the United States failed to ratify it. A similar agreement was negotiated, ratified, and put into effect in 1949 for 4 years.

The current agreement began in 1971 and has two main parts—the Wheat Trade Convention (WTC) and the Food Aid Convention (FAC). The basic purpose of the WTC is to encourage stability in world wheat markets by providing for a regular review of trading conditions and consultations among signatory countries. The FAC provides a means of offering food aid to needy nations.

The WTC has been extended six times since 1971—the latest extension began in the spring of 1981 and will run through the spring of 1983. Like the five previous extensions, this one maintains the framework for international cooperation in wheat trade matters. The extension authorizes the International Wheat Council to collect, analyze and disseminate data on the international wheat situation, particularly regarding supply, demand, trade and prices. The WTC contains no maximum or minimum price provisions, since difficulties in administering the 1967 International Grains Arrangement have made a number of countries wary of such economic provisions. Forty-eight countries currently subscribe to the WTC—10 exporters and 38 importers.

Under the first extension of the FAC, signed in 1980 and due to expire on the same date as the WTC, 19 countries have contributed an annual minimum of 7.6 million metric tons of grains to needy nations. For the United States, this commitment—which may be met with donations of wheat, rice, coarse grains or derived products—amounts to 4.47 million tons. Other contributors include the European Community which is to provide about 1.7 million tons; Canada, 600,000 tons; Japan, 400,000 tons; and Australia, 300,000 tons. Argentina, Austria, Finland, Norway, Sweden and Switzerland will each provide smaller amounts.

The International Coffee Agreement (ICA)—The current pact, the third such agreement between producers and consumers, began in 1976 and will run through September 1983. The 47 exporting (producer) members account for virtually all coffee entering world trade. The 26 importing (consumer) members, of which the United States is by far the largest, account for 90 percent of world imports. The ICA headquarters is in London.

The principal goal of the coffee agreement is to achieve an acceptable balance between world supply and demand and to moderate extreme price fluctuations. This is to be attained by export quotas, which are reviewed periodically and adjusted when circumstances warrant. The quota for the 1981/82 marketing year (Oct.–Sept.) was set at 56.0 million bags (60 kilograms each). Under the system, quotas are automatically adjusted at specified price levels based on a 15-day moving average of a composite indicator price.

The global quota can be reduced in stages of 1 million bags down to 52 million bags, when the 15-day average indicator price is at or below US$1.15. The quota also can be raised to 60.6 million bags, if the indicator price is at or above US$1.45. Another 672,000 bags can be released if the average price at any time during the coffee year is at or above US$1.35.

Quotas may be suspended entirely if the 15-day moving average of the composite indicator price remains above US$1.50 for two consecutive periods of 15 market days.

The obligations of importing members under the ICA are to restrict imports from non-members to a previous 3-year average level, to require certificates of origin for all coffee imports in order to implement quota provisions, and to provide needed statistical information.

The International Dairy Arrangement—This agreement took effect in January 1980 and will run for 3 years. The only prior agreement on dairy products was negotiated in 1970. Twenty-two countries are participating in the current arrangement which aims at promoting stability in world markets and encouraging freer trade in dairy products. There are also provisions to aid the economic and social development of the developing world. The agreement basically sets minimum prices for the trade of dairy products between members. The current minimums, in U.S. dollars per metric ton, are: skimmed milk powder, $600; buttermilk powder, $600; whole milk powder, $950; butter, $1,200; anhydrous milk fat, $1,440; and certain cheese, $1,000.

The International Meat Arrangement—This agreement, which went into effect in January 1980 for 3 years, is the first of its kind. It seeks to promote more stability in global meat trading through regular consultations on world supply and demand trends. Twenty-two countries are party to the arrangement, which is administered in Geneva.

The International Rubber Agreement—This pact went into effect provisionally in October 1980 and should run for 5 years. Once it is definitely in force, the agreement's main objectives will be to stabilize natural rubber prices without distorting long-term trends and to expand natural rubber supplies for importing nations at reasonable prices.

The primary instrument for achieving these goals is an international buffer stock of 550,000 metric tons of natural rubber financed by members. There is a provision for periodic review of reference prices to permit adjustments to changing conditions. To help ensure adequate supplies, the agreement contains no export or production controls. Moreover, it has special clauses aimed at avoiding supply shortages, and provides for other long-term measures to expand and improve natural rubber production, productivity and marketing.

Twenty-two countries—16 importers and six exporters—are participating in the current agreement, which is overseen at headquarters in Kuala Lumpur.

U.S. Has Big Stake In West Africa's Cocoa Industries

Below: Cocoa plantation worker from the Ivory Coast. Courtesy of the World Bank.

Far right: Cocoa storage warehouse in Nigeria.

By Peter J. Buzzanell

U.S. chocolate lovers have a big stake in West Africa's development policies—though most probably don't realize it. Nigeria, Cameroon, Ghana and the Ivory Coast produce almost three-fifths of the world's cocoa, while Americans with a weakness for sweets consume roughly one-fourth of the global output. In 1981, the United States imported nearly $916 million worth of cocoa beans and chocolate products, with more than a third coming from West Africa.

However, the discovery of petroleum resources by several of these West African countries has caused a downtrend in their cocoa production.

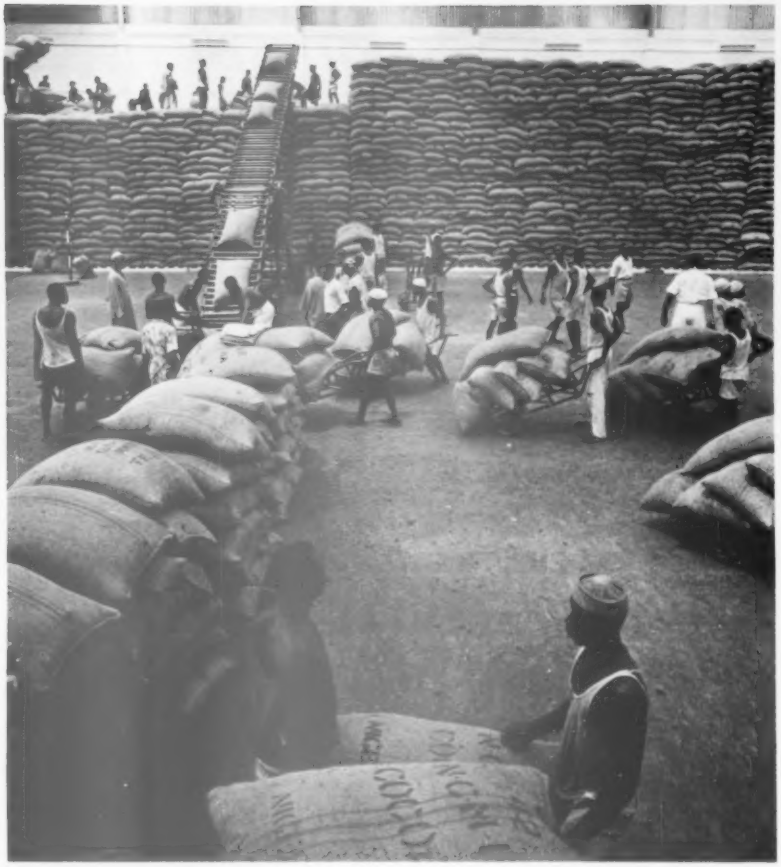
After being a mainstay of West Africa's economy and receiving top priority treatment, cocoa is now playing second fiddle to oil.

Two of the four big cocoa producers are already experiencing sizable declines in cocoa production as labor and capital resources have shifted to the energy industries.

An analysis of the cocoa industries in these pivotal producing countries provides a capsule view of the outlook for world cocoa supplies this season and through the mid-1980s.

Nigerian Output Heads Up After Nearly a Decade of Decline

Nigeria's cocoa industry has been in the doldrums in recent years as government efforts focused on developing the petroleum industry. Now, however, concern



over being too dependent on petroleum earnings is leading to a revitalization of the cocoa industry.

Under Nigeria's Fourth 5-Year Plan (1981–85), large areas currently planted to cocoa are scheduled to be replaced with new high-yielding varieties. The goal: boost production to 360,000 tons by 1985. While that's more than double this year's projected crop, it's still well below what production was at the start of the 1970s.

To encourage farmers to raise their productivity, producer prices set by the government are the highest in West Africa. In addition, Nigeria's Cocoa Bard subsidizes the spraying of cocoa trees to reduce insect infestations.

Although the projected upturn for the 1981/82 crop shows how incentives can boost production, Nigeria still faces serious obstacles in achieving long-term goals for cocoa.

A major problem—and one likely to persist—is the exodus of workers from the cocoa-producing areas in the west to higher paying jobs in the cities or the oilfields in the east. Government efforts to encourage more food production could also stymie goals for cocoa if food crops prove more profitable.

Cameroon's Output Stalls Despite Official Encouragement

Cameroon has strongly supported its cocoa sector, which is dominated by small producers units. The government has programs to expand credit, subsidize fertilizer, pesticides and fungicides, improve marketing, and offer better producer prices.

Cameroon has maintained its position as the world's fifth largest producer, but output has not matched goals. So the government's annual target of 150,000 tons is unlikely to be reached in the next 5 years.

Part of the problem lies in the rising cost of combating plant diseases and insects. In recent years, pod rot has claimed a large portion of the cocoa crops of some producers. Also, Cameroon's cocoa trees are old and less productive.

Labor is another problem. As in Nigeria, many of Cameroon's young and potentially more efficient farmers are opting for other

crops more profitable than cocoa. Some farmers are leaving the agricultural sector altogether, drawn by the lure of better paying jobs in the cities or in the country's growing energy industry.

Discovery of modest amounts of oil and gas has pumped up the economy by stimulating development of oil refineries and gas liquification plants. Government efforts to enlarge the energy sector may lead to smaller pools of labor and capital for cocoa.

No Turnaround Likely in Ghana's Production Slump

Ghana's cocoa production is down more than a third from the heyday that started in the mid-1960s and faded in the mid-1970s. At that time, Ghana was West Africa's biggest cocoa producer, with a high quality crop that regularly totaled around 400,000 tons a year.

Ghana's deteriorating economy has played a part in cocoa's decline. Many cocoa producers switched to food crops, where prices kept better pace with the country's high inflation. Farmers who stuck with cocoa decided to market their crop in the neighboring Ivory Coast where prices are higher. A recent increase in the government's purchase price for cocoa has not yet corrected these problems.

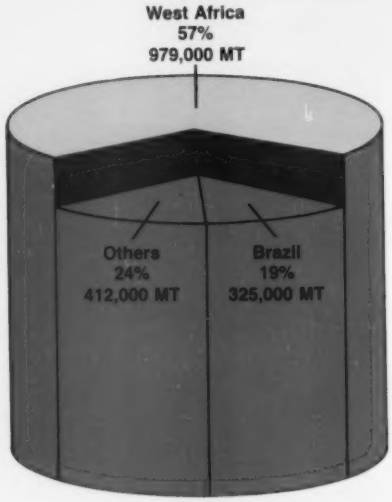
There remains the perennial problem of moving cocoa from upcountry buying stations to ports. And the lack of vehicles, fuel shortages, and poor roads are always serious obstacles to marketing cocoa within the country.

These problems, along with declining yields and persistent political uncertainties, make the outlook far from rosy. A continued downtrend in Ghana's cocoa production seems quite likely.

Ivory Coast's Crop Shows Good Growth Potential

In recent years the Ivory Coast has captured the top spot in the world's cocoa economy by committing considerable resources to expanding and upgrading its cocoa sector. Production grew by nearly 150 percent during the past decade.

West Africa To Supply Three-Fifths of World Cocoa in 1981/82



Until this season, farmers—many of them smallholders—received subsidies for new cocoa plantings and loans for using insecticides and fertilizers. Beginning this year, however, the government is limiting its support to just the replanting of 10,000 hectares annually. Now the emphasis is on producing quality cocoa by improving the effectiveness of insecticides, fermentation and drying procedures.

The Ivory Coast, too, has just discovered offshore oil—but government officials say they will not let the expansion of energy resources interfere with the growth of the cocoa industry.

In fact, these officials see the potential income from oil as a source of revenue for developing the rural sector. The Ivory Coast has been almost unique in Africa as a model of development via a strong agricultural sector. So, the near future would seem to provide an expanded, more diversified agricultural base.

Although good crops, coffee, and oil palm are getting higher priority, the cocoa sector should also continue to expand. By the mid-1980s, it is feasible that cocoa production may climb to between 500,000 and 600,000 tons annually. By that time, recently planted trees will be bearing and efforts to improve plant quality and management practices should be pushing yields upward.

Outlook for the 1981/82 Crop

Production in the **Ivory Coast,** the world's foremost producer, should reach a record high 440,000 metric tons (including some cocoa grown in Ghana, but sold in the Ivory Coast). That's up about 7 percent from 1980/81. Yields are expected to be around 600 kilograms per hectare—the highest in West Africa, and rivaling those of the world's most efficient producers, Brazil and Malaysia.

The high yields largely reflect the maturation of high-yielding cocoa varieties planted in recent years, and the advanced cultural practices used by Ivory Coast producers. Only about two-thirds of the cocoa area is likely to be harvested this season.

Ghana's 1981/82 crop is projected at 255,000 tons, slightly below 1980/81. The smaller prospects are due to insufficient rain, especially in the important Ashanti producing region of central Ghana. Yields are expected to be off again because of the increasing percentage of old trees and the lack of spraying to fight diseases and insects. Nevertheless, Ghana's cocoa remains one of the top grades offered in the world market because of good fermenting and drying procedures.

Nigeria's production (including cocoa marketed through Benin) is forecast at 170,000 tons in 1981/82—a 7-percent gain from last season's drought-reduced crop. The 1981/82 crop has enjoyed relatively good weather and benefited from improved cultural practices.

Cameroon's crop is now forecast at 114,000 tons, down 4 percent from last season because of sporadic rain in major cocoa-growing regions, insect infestations, and the increased occurrence of pod rot. This disease is likely to take a heavy toll on yields this year, paring them to around 278 kilograms per hectare. ■

The author is with Foreign Production Estimates Division, FAS.

Computer Dating for Exporters

By Neil Gallagher

"Attractive Swedish importer seeks close working relationship with gentleman from Louisiana who exports long-grain rice. She will buy 5,000 tons per month, 10 to 15 percent brokens. Wants ASAP. Quote: F.o.b. New Orleans."

U.S. exporters are not likely to come across that kind of trade lead in USDA's new computer system. But they should be happy with it nevertheless. The Department's Foreign Agricultural Service (FAS) and the University of Nebraska have teamed up to bring "computer dating" to the export field.

For years many U.S. exporters have had to wait up to a week to find out who wants to buy what overseas. But all this is likely to change soon as USDA brings foreign buyers and U.S. sellers together almost instantaneously.

The feasibility of widespread use of computerized trade leads is now being tested in a pilot project at the University of Nebraska. The project—in which foreign trade leads are sent to U.S. suppliers on the university's computer network—was put into operation in March.

The Foreign Agricultural Service provides the trade leads which are then entered into a computer network called AGNET which reaches subscribers in 40 states. The system can be used by people with no previous experience with computers.

The trade lead project is another step in a USDA drive to improve its global information system in ways that will help boost U.S. exports. Work is underway, using State Department satellite telecommunications, to link all overseas agricultural attache posts with Washington by computer.

This will speed the flow of crop, market, and trade information and trade leads to Washington from the more than 100 countries covered by agricultural attaches. The information will then be analyzed at USDA and distributed to U.S. producers, exporters and other users.

Secretary Block was in Nebraska for the inauguration of the new trade lead project and commented, "Time can be crucial in the highly competitive business of agricultural exports. This new system could permit same-day response by American companies to requests for agricultural products made by foreign importers to U.S. agricultural attaches and counselors throughout the world."

According to Block, the link with AGNET adds a new dimension to the highly successful Trade Opportunity Referral Service, or TORS, that has been run by the Foreign Agricultural Service over the last decade.

Since 1972, foreign trade leads have been cabled to TORS by agricultural attaches and sent to the appropriate suppliers by computerized mail. Mailing takes time—up to 6 days for some California exporters—but even with the delay it has proven quite effective. Last year, USDA was able to credit more than $150 million worth of new export business directly to TORS contacts.

Many state departments of agriculture were instrumental in building the TORS list of U.S. agricultural suppliers from a few hundred at the start to more than 7,000 today. Foreign requests for U.S. products received through the system average more than 55 per week.

Most requests are for value-added products. These are processed foods such as canned fruits, vegetables, meats—literally hundreds of different items—that create jobs as they are transformed into consumer-ready products. Secretary Block pointed out that the United States has the most advanced food technology in the world, and it should take advantage of that in the world market for processed foods.

U.S. sales of these products were $12-$13 billion last year and USDA is making a concerted effort to expand this segment of U.S. agricultural trade. As Block noted, "The new system in which FAS computers can put trade leads into AGNET immediately after they are received, should provide the opportunity for a substantial increase in this business."

The TORS mailing lists of trade leads will be continued for companies that want them, along with the weekly listing of sales leads in USDA's "Export Briefs" report. ■

The author is with the FAS Information Division.

Country Briefs

Canada

Intensifies Its Market Development in China

Canada is stepping up its market development efforts for grain and oilseed exports to China. Led by the Canadian Grains Institute, which is jointly funded by the government and the Canadian Wheat Board, Canadian specialists have been hosting Chinese delegations and visiting China. Last fall, the Institute presented a seminar in China to acquaint the Chinese with potential uses of Canadian barley and canola meal as livestock feed. In March, some 15 Canadian specialists went to China to study its milling industry and technology, and to discuss improvements and proper quality control in the milling product. The Canadians hope that these efforts will pay off in the form of greater exports of grains and oilseed products.

Cattle Producers Reject Beef Marketing Board

Preliminary results of a producer poll taken late last year show that most Canadian beef producers oppose the supply management approach to beef marketing. In recent months, government economists have been developing proposals for revamped national stabilization programs for both cattle and hogs. The announcement by the government of the rejection of a beef marketing board moves the national stabilization marketing plan proposal closer to reality.

China

Proposal Resurfaces To Abolish Communes

For the second time in as many years, a suggestion to abolish the commune system has been made in China. The current proposal by a prefectural Communist Party official has suggested study and experimentation which might lead to replacing communes and brigades with district and township offices. Production teams would then become "cooperatives."

Abolition of the commune system would eliminate what was perhaps Mao's proudest post liberation achievement. However, it would be a logical extension of present organization and agricultural policies. Changes have already taken place at the county, prefectural, provincial, and national level to return to the governmental designations and authorities existing before the Cultural Revolution (1966). But a return to districts and townships as designations below the county level would reach back even further to 1958 when communes were first established.

The organization of Chinese agriculture has evolved during the last 3 years from a top-to-bottom command structure to one with increased decentralization. New developments include participation in decisionmaking by collective producing units, division of labor below the production teams, and linkages between an individual's work and benefits. Still, present policy insists that production remain under the state plan and be controlled by the production team through contracts with households. Policy statements and China's constitution still rule out private land ownership per se.

With about 53,000 communes, 700,000 production brigades, 5 million production teams, 170 million households, and 800 million people involved, there is still a long way to go before any significant changes can be made in the current collective system. Too many basic institutional and economic problems have to be overcome first. Just the mention of this possible change by one of the prefecture party secretaries is an indication of the breadth of the debate going on among the top policymakers.

Sino-French Wine Launched In Hong Kong Market

"Dynasty," a new wine jointly produced by the French company, Remy Martin, and a vineyard in China was recently put on the Hong Kong market and will soon appear in other parts of Southeast Asia. According to the Hong Kong press, this is the first joint venture to produce wine undertaken by the Chinese and a French company.

The idea emerged in 1978 when executives of the French firm began discussing ways to boost cognac sales to China. In November 1980 it was formally agreed that China's Tianjin Vineyard would provide the land, water, electricity, and grapes for the project, and Remy Martin would supply the equipment and the expertise on wine making and marketing.

The Chinese are not only interested in learning advanced production technology and acquiring marketing expertise, but also in increasing their exports to earn additional foreign exchange. This joint venture may help China wedge its way into the world wine market.

European Community

Plans Afoot To Capture North African Grain Market

The European Commission is formally seeking authorization to initiate negotiations for long-term (3 years) agricultural export agreements with Algeria, Egypt, Morocco and Tunisia. The Commission's proposals do not include recommendations on the products to be included in the contracts. But wheat, wheat flour, and barley are specifically mentioned in the request. All of these are surplus commodities that need to be heavily subsidized to move onto world markets. In recent years, these four target countries have bought one-third to one-half of their wheat and flour imports from the United States. And these EC proposals could threaten the U.S. share in a significant part of those markets for wheat and flour, which in 1981/82 are estimated to total some 4.5 million tons.

Ivory Coast

U.S. Wheat Makes Market Inroads

A trial shipment of 100 tons of U.S. flour has just been received by the largest bakery in Abidjan. This modest sale follows efforts—including a baking demonstration—by U.S. Wheat Associates to penetrate the Ivory Coast market. In recent years the Ivory Coast has imported about 180,000 tons of flour a year—all from France—but bakers have been dissatisfied with the quality.

The Abidjan bakery has found that by using 50 kilograms each of French and U.S. flour, it can produce 480 loaves of French-type bread instead of the customary 450 loaves using just French flour. However, owing to the substantial subsidy on French flour exports, the bakery reports that U.S. flour is not cost-competitive. Bakers, nevertheless, remain impressed with the quality of the U.S. product and it is possible that imports of U.S. wheat for milling in the Ivory Coast would be price competitive with French flour.

New Flour Mill To Boost Wheat Needs

In a related development, the completion of the Ivory Coast's second flour mill, this one with a capacity of 40,000 metric tons, could open up new market opportunities for U.S. wheat exporters. Although France has supplied all the imported wheat used by the mill during the testing and startup phases, there may be opportunities for U.S. wheat sales after the mill begins full-scale operations in May.

Japan

U.S. Pork Sales Could Rise In Wake of Danish Disease Problems

U.S. pork exports to Japan could pick up sharply this year and early next in the wake of an outbreak of food-and-mouth disease in Denmark. That country, usually the No. 1 pork supplier to the Japanese market, has been delisted as a source of meat. In 1981, Japan imported 183,000 metric tons of pork—of which 72,300 came from Denmark. The Danish sales included 20,000 tons of loins and 20,000 tons of bellies, with miscellaneous cuts such as shoulders and hams rounding out the total.

U.S. meat exporters are expecting a surge in their sales to Japan—especially for pork bellies. In the past, the bulk of U.S. sales have been boneless center cut loins with a smaller percentage of boston butts and picnic shoulders.

Lebanon

Tallow Imports on the Rise

Tallow imports and use by Lebanon have increased sharply in the past few years, with beef tallow imports reaching about 14,000 metric tons in 1981 compared to only 4,000-5,000 tons just three years ago. Tallow is being imported in bulk principally from the United States. Due to increased local and export demand for tallow-based products, imports of beef tallow by the Lebanese are expected to increase further in the coming years.

Mexico

U.S. To Remain Leading Source of Grain Imports

Mexico is expected to purchase at least 80 percent of its 1982/83 grain imports from the United States. Recent government discussions with the Canadian Wheat Board reportedly produced no agreement to up Canadian wheat shipments under the Mexico-Canada Grains Agreement. Economic considerations, particularly the recent peso devaluation, and the resultant hike in import costs may well cause Mexico to put more emphasis on importing from the lowest cost source, and less emphasis on diversifying grain imports even at higher prices.

Nigeria

U.S. Sales Top A Half Billion Dollars

Nigeria bought more than $544 million worth of U.S. agricultural products in 1981, a 56-percent hike over 1980. Grains—wheat, rice and corn—accounted for $489 million, or 90 percent of the total sales.

The market for U.S. wheat should hold up well in 1982 as Nigeria expands its milling capacity. U.S. wheat exports may top 1.4 million tons this year, up from 1.2 million in 1981. Rice sales, however, may increase less rapidly than in the past year when they climbed 112 percent to roughly 400,000 tons. Thailand has been selling more rice to the Nigerians each year. The Thais could capture a larger market share because of their lower rice prices and the possibility for Nigerian traders to mark up prices for more profit. The U.S. market share is not guaranteed in Nigeria.

Processed foods and convenience foods in general are becoming more popular in the West African country. If incomes continue to rise, demand should grow accordingly.

Singapore

U.S. Barley Exports Surge On Strength of Re-export Trade

U.S. barley exports to Singapore climbed to a record 177,000 tons in 1980/81, about eight times larger than the previous year's level. The heavy pace of exports this marketing year (July-June) suggests U.S. barley exports to Singapore will exceed the 1980/81 record by one-fourth.

Although the demand for animal feed has been rising in Singapore, almost all of the imported barley apparently is bagged and re-exported to neighboring countries and the Middle East. In the first half of 1981, a barley glut reportedly occurred in Singapore when demand fell in the Middle East. The recent surge in U.S. exports is an indication that market conditions have improved significantly in the Middle East.

Thailand

Aggressive Marketing Tactics Cut Into U.S. Corn Sales

With a record corn crop to export, Thailand has been selling aggressively to new markets. In addition to the traditional quantities sold to several Southeast Asian countries, Thailand has been expanding exports to Iran, Iraq, Jordan, Saudi Arabia and South Korea. Nigeria and Tanzania have also emerged as growing markets for Thai corn. Although shipments to the USSR to date are lagging behind last year's pace, deliveries this season (July/June) are expected to approach last year's record level of 282,000 tons. In some cases (particularly sales to Japan and South Korea), increased exports are directly displacing traditional U.S. grain sales. In other instances, Thai sales are filling new demand.

Venezuela

U.S. Farm Exports Approach Billion-Dollar Mark

U.S. agricultural exports to Venezuela, a country of about 15 million people, reached about $900 million in 1981—28 percent above the previous year's level. Although 1981 saw some softening of export prices, most categories of U.S. farm exports registered large gains in both volume and dollar values. Venezuela's agricultural imports from all sources in 1981 totaled about $1.3 billion, with the United States supplying about 69 percent.

Exceptionally large gains were reported for imports of U.S. sorghum, which reached over $100 million in 1981, versus only $6 million in 1980. Edible oils also registered a sharp increase. Soybean oil imports of $29 million were up 143 percent from 1980. Cottonseed oil, at $64 million (+37 percent) and sunflowerseed oil, at $52 million (+58 percent), also made good showings. Soymeal imports for animal feed were placed at $108 million in 1981, an all-time high.

Venezuelan purchases of U.S. poultry and poultry products (mostly broilers) also hit record levels at about $47 million in 1981, more than double the 1980 total. Sales of U.S. apples doubled, reaching $16 million in 1981. Venezuelans bought $15 million worth of U.S. pork, an increase of about 50 percent from the previous year.

Venezuela pays cash for all U.S. products—no P.L. 480 or CCC programs are used by Venezuela.

Trade Updates

India Buys Record Amount of Australian Wheat

At 750,000 metric tons, India's purchases of Australian wheat in 1981/82 are the largest on record. This year's total is more than triple the 238,000 tons the Indians bought the last time they were in the Aussie wheat market in 1976/77. These purchases from Australia came on top of 1.6 million tons of wheat imported from the United States. Two-thirds of the U.S. wheat was soft white; the rest hard red winter.

Iraq Signs Rice Pacts

Private exporters and the Thai government will sell Iraq 50,000-80,000 metric tons of rice a year beginning in 1983 under a 3-year agreement signed recently. The shipments are in line with existing levels of rice trade between the two countries. Iraq has also signed an oil-price barter agreement with Argentina calling for annual shipments of 20,000-40,000 tons for the next 3 years. This is the first time Iraq has imported Argentine rice. The Middle Eastern nation also is reported to be making its first sizable purchases from Australia. Australian rice growers envision annual sales of 15,000-20,000 tons of long-grain rice to Iraq.

Iran Barters Oil for Agricultural Products

Strapped for foreign exchange due to excess world oil supplies, Iran is seeking to barter oil for rice. Uruguay recently bartered 30,000 tons of rice (at a nominal f.o.b. price initially reported at $421) for Iranian oil. Apparently, the Iranians have also had inconclusive negotiations with Thailand about bartering for 200,000 tons of rice. In a related development, Technoplan GMBH of Dusseldorf (Germany) has indicated it has 4 million barrels of Iranian light crude and wants to buy 40,000 tons of rice in what may be an indirect barter.

Israel-Egypt To Cooperate in Agriculture

Isarel and Egypt formalized a cooperation agreement at the start of the year under which Israel will instruct Egyptian farmers on modern irrigation methods, and Egypt will offer Israeli farmers its expertise in raising aromatic and medicinal herbs. The agreement also provides for exchange of agricultural research scientists and cooperation in plant protection and veterinary services.

Taiwan Resumes Corn Purchases From Thailand

Taiwan's purchase of 250,000 metric tons of Thai corn for November 1981/April 1982 shipment was the largest since the mid-1970s, when Thailand regularly supplied about one-third of the Taiwan market. In the latter part of the decade, U.S. corn edged out the Thai product as Taiwan reacted to pressure to buy more U.S. products and lessen its trade surplus with the United States.

Taiwan's imports from South Africa have also picked up as a result of a 3-year agreement—now in its final year—calling for annual corn purchases of 600,000 tons. Purchases of South African corn this year could reach 750,000 tons, which may compensate in part for the 1979/80 shortfall in South African deliveries. Taiwan's decision to increase its imports from Thailand and South Africa is probably based on a desire to diversify its sources of supply.

U.S. Frozen French Fry Exports Continue To Expand

In 1981, U.S. exports of frozen french fries were a record 39,332 metric tons valued at $27.2 million, 18 percent greater than 1980 shipments of 33,261 tons and more than double the 1978 level of 19,062 tons. The rapid expansion in the frozen french fry market is attributed to the strong demand from Japan's western-style fast food industry. The Japanese bought 30,217 tons ($20.6 million), or three-fourths of 1981 exports. According to Japan's trade data, the U.S. captured 89 percent of the Japanese import market for frozen potatoes in 1981, with Canada supplying most of the remainder.

Other major markets for U.S. french fries are also in the Far East, with Hong Kong and Singapore taking 2,952 and 1,098 tons, respectively. Most of the balance of 1981 exports went to Venezuela, the Netherlands Antilles, Trinidad-Tobago, and Mexico. U.S. frozen french fries are gaining in popularity abroad because of their size, uniformity, and superior quality.

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